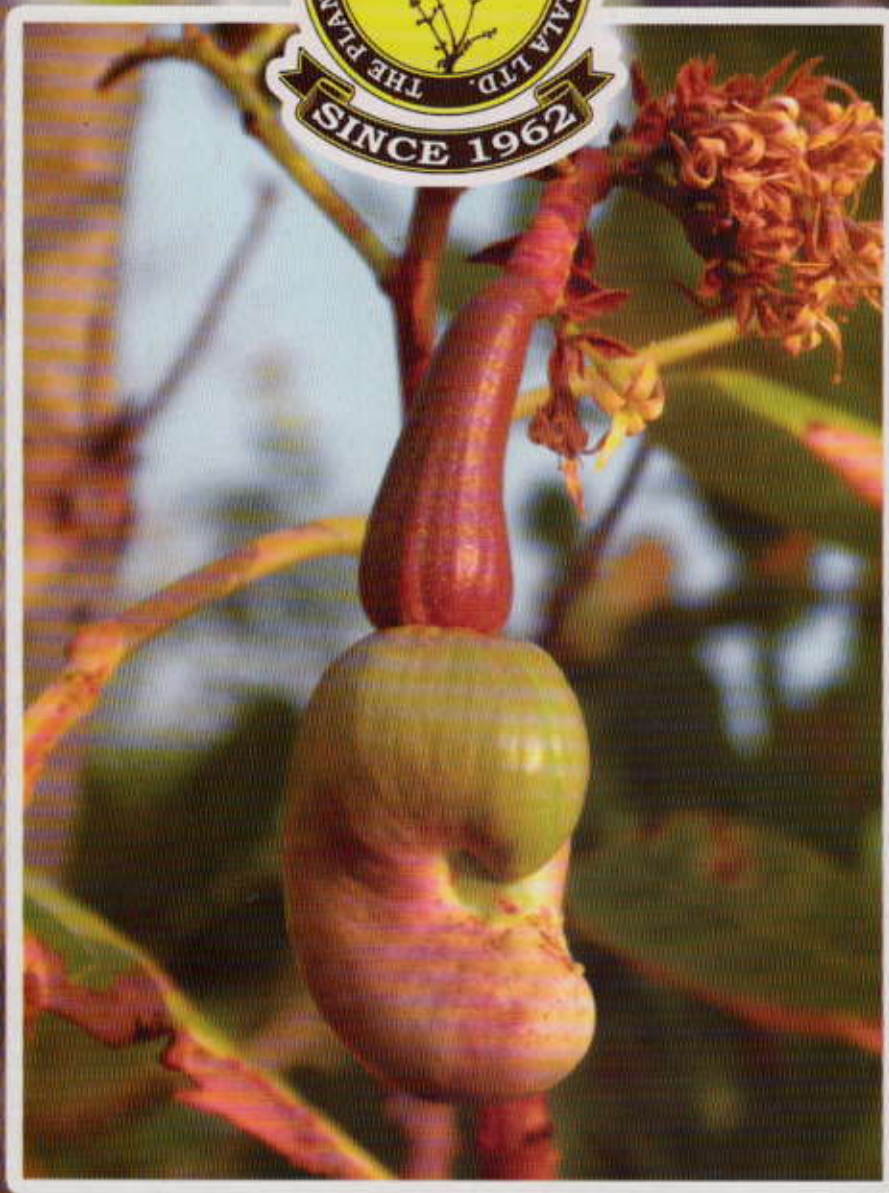


THE PLANTATION CORPORATION OF KERALA LTD



ANNUAL REPORT

2004 - 2005

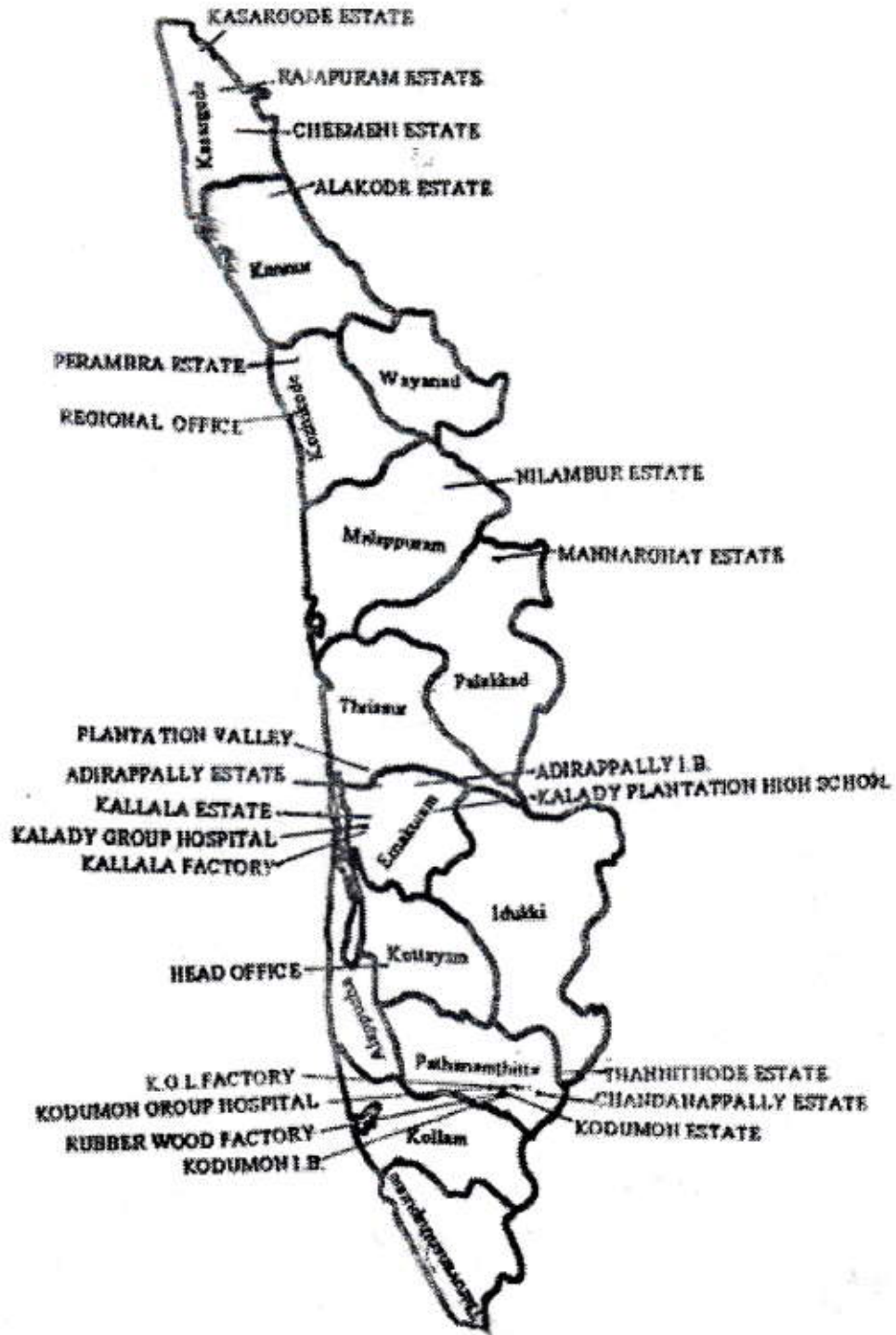


**THE PLANTATION CORPORATION
OF KERALA LTD.
KOTTAYAM - 686 004**

Regd. Office : Kottayam - 686 004
Grams : Plantcorp
Telex : PCK 0888 207
Fax : 0481-2578448
Fax MD : 0481-2575133
E-mail : plantcorpktm@sancharnet.in
Web-site : www.pcklimited.com
www.pcklimited.org
Phone : 2578301, 2578302, 2578303
(0481) 2578304 EPABX
2578164, 2578306
2578349,
2578194, 2578763
2578254

**43rd Annual Report
2004-2005**

LOCATION OF VARIOUS UNITS OF PLANTATION CORPORATION



BOARD OF DIRECTORS

Sri. T.J. Anjalose, Ex. M.P

Chairman (From 10-08-2006)

Sri. A.C. Mathew Edayadi

Chairman (From 29-11-2002 to 18-05-2006)

Dr. A.K. Krishnakumar

Director (From 09-11-1995 to 29-05-2006)

Sri. K. Balachandran Thampi, I.F.S.

Director (From 24-04-1997)

Sri. P.J. Joy, M.L.A.

Director (From 12-08-2004)

Adv. P.S. Pradeep

Director (From 12-08-2004)

Sri. B. Sugadan

Director (From 27-11-2001 to 16-06-2006)

Sri. E.K. Majhi, I.A.S.

Chairman (From 21-06-2006 to 10-08-2006)

Dr. V.K. Raju

Managing Director (From 22-07-2004 to 16-08-2006)

Sri. R. Krishnamoorthy, B.Com., F.C.A.

*Managing Director in charge
(From 01-03-2004 to 22-07-2004)
(From 16-08-2006)*

Sri. Mathew C. Kunnumkal, I.A.S.

Director (From 23-06-2004)

Sri. T.T. Soman

Director (From 12-08-2004 to 20-05-2006)

Sri. K. Babu

Director (From 16-06-2006)

Secretary

John Vadassery

Auditors

**M/s. Vishnu Rajendran & Co.,
Chartered Accountants,
Kottayam.**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 43rd (adjourned) Annual General Meeting of The Plantation Corporation of Kerala Limited will be held on Saturday, the 29th July, 2006 at 11.30 A.M. at the Registered Office of the Company, Muttambalam, Kottayam-4 to transact the following business.

To receive, consider and adopt the Director's Report, Auditors' Report and the audited Profit and Loss Account for the year ended 31st March, 2005 and the Balance Sheet as on that date.

By Order of the Board,
for THE PLANTATION CORPORATION OF KERALA LIMITED,

Kottayam-4
24.06.2006

Sd/-
John Vadassery
Secretary

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A form of proxy is attached. This must be returned duly completed to reach the office not less than 48 hours before the meeting.
2. Director's Report, Auditor's Report, Audited Profit and Loss Account for the year ended 31st March, 2005 and Balance sheet as on that date are also seen attached herewith.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 43rd Annual General Meeting of the Corporation will be held on Thursday, the 11th August, 2005 at 3.00 P.M. at the Registered Office of the Corporation, Muttambalam, Kottayam-4 to transact the following business.

1. To consider the adjournment of the consideration of Accounts for the year 2004-05 for a suitable date.
2. To record the appointment of Directors by the Governor of Kerala in place of Directors retiring at the Annual General Meeting under Article 63(2) of the Articles of Association. The following Directors retire and eligible for re-appointment.
 1. Dr. A.K. Krishnakumar
 2. Sri. K. Balachandran Thampi, I.F.S.
 3. Sri. B. Sugadan
 4. Sri. Mathew C.Kunnumkal, I.A.S.
 5. Sri. P.J. Joy, M.L.A.
 6. Sri. T.T. Soman
 7. Adv.P.S. Pradeep
3. To authorise the Board of Directors to fix the remuneration of the Auditors appointed by the Comptroller and Auditor General of India.

By Order of the Board,
for THE PLANTATION CORPORATION OF KERALA LIMITED,

Kottayam
06-07-2005

Sd/-
M.R.V. Nair
Secretary

Note:

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A form of proxy is attached. The Proxy Form must be returned duly completed to reach the office not less than 48 hours before the meeting.

1-504

DIRECTOR'S REPORT FOR THE YEAR 2004 - 2005

Gentlemen,

Your Directors have pleasure in presenting the 43rd Annual Report of the Corporation for the year ended 31st March, 2005.

OPERATING RESULTS

Particulars	2004 - 05 (Rs. in lakhs)	2003 - 04 (Rs. in lakhs)
Sales	3,111.84	3,099.88
Stock Differential	325.12	192.20
Other Income	27.13	30.68
Turnover	3,464.09	3,322.76
Manufacturing & Operating Cost	2,472.53	2,405.99
Depreciation	40.82	44.43
Provision for Gratuity	377.57	313.31
Tax Provision	-	-
Net profit for the year	573.17	559.03

TERM LOAN

The Corporation has repaid all the loans payable to Government of Kerala except the loans drawn for investment in Oil Palm India Limited. The said loans has been cancelled by the Government of Kerala when the subsidiary status of Oil Palm India Limited was terminated. The balance outstanding in the loan account was Rs. 32,61,222/- as on Rs. 31-03-1996. This was transferred to Capital Reserve account.

Subsequently as per letter No. L11(1) 15099/84 dated 24-11-1999 Director of Agriculture has requested to remit an amount of Rs. 62,75,140/- as shown below.

Principal	-	Rs. 32,61,222.00
Interest	-	Rs. 28,67,382.00
Penal Interest	-	Rs. 1,46,536.00
Total		<u>Rs. 62,75,140.00</u>

The Company has requested Government of Kerala for exemption from the above payment considering the serious financial crisis faced by the Company and also on the contention that the entire loan of Rs. 112 lakhs was already cancelled by the Government of Kerala as per G.O. (MS) No.239/83/AD dated 04-08-1983.

The above request was not considered by the Government. Government have ordered to convert the amount of Rs. 62,75,140/- as Share Capital of Government.

The matter was again placed before the Board and the Board has authorised Managing Director to present the case again with the Government considering the present financial position of the Corporation. The request made by the Managing Director is pending at Government level.

The penal interest for delayed remittance of some earlier loan instalments and interest is due to Government of Kerala. In earlier years when the Corporation was meeting its Working Capital requirements with overdraft facilities the loan instalments and interest could not be remitted in time.

The Corporation had availed a Kissan Credit Overdraft from Canara Bank for a period of three years after mortgaging the land and property at Kasargode and Vadavathoor (Kottayam) and hypothecation of standing crops. The rate of interest at the time of sanction in August 2001 was 15.75% and presently it is 10.75%. The overdraft limit was valid for a period of 3 years. The facility was renewed for a further period of 3 years at the rate of 10.75%. The balance loan outstanding as on 31-03-2005 under Kissan credit facility is Rs.3,93,04,234.48.

Canara Bank vide letter No. CR/679/234/02 dated 07-05-2002 has also sanctioned a Term Loan of Rs. 14.78 crores at an interest rate of Rs. 14.75% in addition to Rs. 6.90 crores already availed under Kissan Credit Scheme.

Government has also vide G.O. (MS) No.21/2003/AD dated 27-01-2003 accorded sanction for availing a loan of Rs. 21.68 crores (Including Rs. 6.90 crores already taken and Rs. 15 crores for which Government sanction was already accorded) from Canara Bank.

Government Guarantee has also been provided for the entire loan amount and its accruing interest till the repayment of the entire amount subject to payment of guarantee commission. Government has also declared moratorium on payment of Agricultural Income Tax, Plantation Tax and lease rent by Plantation Corporation of Kerala Limited till the completion of the repayment of entire loan amount.

Based on the Government Order the guarantee deed has been executed by Agricultural Production Commissioner on 15-03-2003. We have so far availed an amount of Rs. 6 crores against the sanctioned Term Loan of Rs. 14.78 crores at an interest rate of 13.5%. The rate of interest for Term Loan has been reduced to 10.75%. Further it has been reduced to 8.9% with effect from 1st October 2005. The balance in Term Loan as on 31.03.2005 is Rs. 19,653.02.

AGRICULTURAL INCOME TAX

The assessment of Agricultural Income Tax has been completed up to the financial year 2003-04. For the completed assessment the Company has filed appeals before the higher authorities which are pending for disposal.

SALES

Rubber

During 2004-2005 the quantity of rubber sold was 4057.16 M.Ts. worth Rs. 2483.89 lakhs as against 4490.30 M.Ts. worth Rs. 2617.04 lakhs in 2003-04.

Cashew

During 2004-2005 the amount received on sale of cashew nuts was Rs. 480.55 lakhs as against Rs. 372.92 lakhs in 2003-04.

PRODUCTION**Rubber**

The production target was 5,216 M.T.s. and the achievement was 4,607,811 M.Ts. (88.34%) during 2004-2005

The D4 tapping system is followed in the entire normal tapping area with cyclic application of stimulant as per Rubber Board direction.

Cenex

We have produced cenex 2,903 MTs.(DRC) during the period of 2004-2005. (KGL Factory - 1,652 MTs and Kallala Factory - 1,251 MTs.)

Rubber Wood

The production of Rubber wood during the period of 2004 - 2005 was 10,118 cft. and the sale of rubber wood was 8,300 cft. for Rs. 28,04,577/-

Oil Palm Plantations

We have harvested 2,387.780 MTs. of Oil Palm FFB during the year 2004-2005.

Cashew

During the period of 2004-05, we have harvested cashew worth Rs. 480,54,657.77

NEW ACTIVITIES

In order to cope up with the changing global scenario the Corporation has also taken certain steps within its limited resources. The Government of India Stage II clearance for commercial running of the "Plantation Valley Farm Resort" was obtained recently, and the Corporation is taking steps to market this Farm Resort. The Plantation Valley is situated in the scenic location on the banks of Chalakkudy River, 32 Km east of Chalakkudy along the Chalakkudy - Malakkappara Road.

We have also taken steps to market the products like cashew, pepper, cinnamon which are produced in our own estates under the brand name "Plantation Corporation". We have also established commercial cashew nursery of new varieties of cashew plants for internal consumption as well as for catering needs of farmers. The Corporation has also plans to establish commercial rubber nursery for sale to outside parties.

The Corporation is also taking steps for obtaining ISO Certification for our various factories with a view to modernizing and streamlining our production. Steps are also under way for obtaining organic certification for the selected cashew estates of PCK.

PERSONNEL RELATIONS

Industrial Relations during the period 2004-05 remained cordial and peaceful

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

The information required under Section 217(1)(e) of the Companies Act 1956 is given in the Annexure 1 of the Report.

PARTICULARS OF EMPLOYEES

Particulars under Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of employees) Rules 1975 as amended is deleted since none of the employees falls in that limit.

DIRECTOR'S RESPONSIBILITY STATEMENT (AS PER SECTION 217 (2AA) OF THE COMPANIES ACT 1956

- (i) In the preparation of annual accounts, the application of accounting standards have been followed along with proper explanation relating to material departures wherever applicable.
- (ii) We had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for that period.
- (iii) We had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts are prepared on a going concern basis.

DIRECTORS

The details of Board of Directors including the change that have taken place during the period under report is given in Annexure II.

CORPORATE GOVERNANCE

The report on Corporate Governance is given in Annexure II.

AUDITORS

M/s Vishnu Rajendran & Co., Chartered Accountants, Kottayam were appointed by Comptroller and Auditor General of India as the Auditors of the Company for the Year 2004-05.

COMPLIANCE CERTIFICATE

Compliance Certificate for the year 2004-05 was forwarded to the Bureau of Public Enterprises in accordance with Circular No. 954/BPE2/60/Plg. dated 24-03-2006 issued by Planning & Economic Affairs (BPE) Department, Government of Kerala.

Kottayam
24-06-2006

sd/-
Dr. V.K. RAJU
Managing Director

For and on behalf of the Board of Directors

Your Directors are grateful to the Government of Kerala, Rubber Board, Canara Bank, S.B.T., Corporation Bank, Syndicate Bank and North Malabar Gramin Bank and others for the continued support during the year under review.
Your Directors wish to place on record their deep sense of appreciation of the devoted service rendered by the Executives, Staff and Workers of the Corporation.

ACKNOWLEDGEMENT

ANNEXURE - I

Statement under Section 217 (1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors)

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken	Nil
(b) Additional investment and proposals; if any being implemented for reduction of energy.	Nil
(c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Due to the efforts taken during the previous years in getting steady electric supply, the production cost is reduced.
(d) Total energy consumption per unit of Production	Not applicable

FORM - B

(See Rule 2)

Form of Disclosure of Particulars with Respect of Absorption (to the extent applicable)

Research and Development	Nil
(e) Activities relating to export initiatives taken to increase exports development of new export market for new products and services and export plans	Nil
(f) Total foreign exchange used and earned	
Used	Nil
Earned	Nil

ANNEXURE - II

Details of Directors including changes taken place during the year ending 31.03.2005

<u>Sl. No.</u>	<u>Name</u>	<u>Address</u>	<u>Date of Appointment</u>
1.	Sri. A.C Mathew Edayadi (Chairman)	Edayadi House Jubilee Road, Sea-view Ward Alappuzha	29.11.2002
2.	Dr. A.K. Krishnakumar (Director)	Rubber Production Commissioner, Rubber Board, Kottayam-2.	09-11-1995
3.	Sri. K. Balachandran Thampy, I.F.S. (Director)	Additional Principal Chief Conservator of Forests, Forest Headquarters, Vazhuthacadu, Thiruvananthapuram.	24-04-1997
4.	Sri. B. Sugadan (Director)	Additional Secretary, Establishment C-Section, Finance Department, Government of Kerala, Secretariat, Thiruvananthapuram.	27-11-2001
5.	Sri. Muraleedharan (Director)	Sajivilla Thoomgampara, Kattakada P.O Thiruvananthapuram - 695 572	31.05.2003 to 12.08.2004
6.	Sri. V.P. Joy I.A.S. (Director)	Secretary to Government Agriculture Department Government of Kerala Secretariat, Thruvananthapuram	22.08.2003 to 23.06.2004

7.	Sri. M.R. Bhargavan (Director)	Mohini House Mylapra P.O, Kumbazha North Pathanamthitta	16.05.2003 to 12.08.2004
8.	Sri. Krishnamoorthy B.Com, FCA (Managing Director in Charge)	Nalloor West Puliyannoor Kottayam	1.03.2004 to 22.07.2004
9.	Dr. V.K. Raju (Managing Director)	Valakadavil House Ettumuna, Karuvnnur P.O Thrissur	22.07.2004
10.	Sri. Mathew C. Kunnumkal I.A.S. (Director)	Agricultural Production Commissioner Agriculture (PU) Department Government of Kerala Secretariat, Thiruvananthapuram	23.06.2004
11.	Sri. P.J. Joy M.L.A. (Director)	Puthusserry House M.C. Road, Angamaly P.O Ernakulam 683 572	12.08.2004

ANNEXURE - III**REPORT ON CORPORATE GOVERNANCE**

During the period 2004-05, meetings of the Board of Directors were convened as per Section 285 of the Companies Act, 1956. The details regarding number of Board meetings held during the period 2004-05 and meeting attended by the Directors are as follows.

Year	Name / Category of Director	Total Number of Board Meetings held in the year	Total Number of meetings attended by the Directors	Total Number of meetings required to be attended	Whether AGM attended by the Directors
2004 - 05	1. Functional Directors	N.A.	N.A.	N.A.	N.A.
	2. Government Directors				
	1. Sri V.P. Joy I.A.S.	7	Nil	1	N.A.
	2. Sri. Balanchandran Thampi I.F.S.	7	3	7	No
	3. Dr. A.K. Krishnakumar	7	1	7	No
	4. Sri. B.Sugadan	7	5	7	No
	5. Sri. R.Krishnamoorthy	7	1	1	N.A.
	6. Dr. V.K. Raju	7	6	6	Yes
	7. Sri. Mathew C. Kunnumkal I.A.S.	7	5	6	No
	3. Non Official Directors				
	1. Sri. A.C. Mathew Edayadi	7	7	7	Yes
	2. Sri. M.R. Bhargavan	7	1	1	No
	3. Sri. S.Muraleedharan	7	1	1	No
	4. Sri. P.J.Joy, M.L.A.	7	5	6	N.A.
	5. Sri. T.T. Soman	7	5	6	N.A.
	6. Adv. P.S. Pradeep	7	5	6	N.A.

THE PLANTATION CORPORATION OF KERALA LTD.

(A Govt. of Kerala Undertaking)

Kottayam-686 004

ANNUAL ACCOUNTS

&

SCHEDULES

2004-2005

THE PLANTATION CORPORATION BALANCE SHEET

Previous Year Rs. Ps	LIABILITIES	Current Year Rs. Ps
	SHARE CAPITAL	
75000000.00	Authorised - 75000 Equity Shares of Rs. 1000/- each	75000000.00
55688000.00	Issued - 55688 Equity Shares of Rs. 1000/- each	55688000.00
55688000.00	Subscribed, called up and paid up - 55688 Equity Shares of Rs. 1000/- each	55688000.00
	(Of the above shares, 12182 shares are allotted as fully paid up pursuant to a contract without payments being received in cash)	
230758945.88	RESERVES & SURPLUS (Sch. A)	230780572.88
42775366.86	SECURED LOANS (Sch. B1)	39323887.50
	UNSECURED LOANS	
4820960.51	From Govt. of Kerala for Estate Development Interest accrued and due	4820960.51
	CURRENT LIABILITIES & PROVISIONS	
235101204.97	a. Current Liabilities - Sch. B	215563882.67
194745521.07	b. Provisions - Sch. C	197346745.07
	ACCOUNTING POLICIES & NOTES TO ACCOUNTS	
194745521.07	a. Accounting Policies - Sch. J	
	b. Notes forming part of accounts - Sch. K	
763889999.29	TOTAL	743524048.63

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
A.C. Mathew Edayadi Chairman	Dr. V.K. Raju Managing Director	R. Krishnamoorthy G.M.(F&A)	John Vadassery Secretary	For VISHNU RAJENDRAN & Co. Chartered Accountants
				Sd/- Partner

OF KERALA LTD., KOTTAYAM- 4**AS AT 31ST MARCH 2005**

Previous Year Rs. Ps.	ASSETS	Current Year Rs. Ps.
	FIXED ASSETS	
391408923.11	a) Plantations - Sch. D	401218433.23
52845752.36	b) Plant & Machinery, Roads, Buildings etc. - Sch. E	52004968.67
22536064.20	c) Capital Work in Progress	23774933.20
	INVESTMENTS	
12501000.00	In Shares (at cost) - Sch. F	12501000.00
	CURRENT ASSETS, LOANS & ADVANCES	
73817670.13	a. Current Assets - Sch. G	109002974.24
87587843.92	b. Loans & Advances - Sch. H	76853785.32
123192745.57	PROFIT & LOSS APPROPRIATION ACCOUNT	68167953.97
763889999.29	TOTAL	743524048.63

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
A.C. Mathew Edayadi Chairman	Dr. V.K. Raju Managing Director	R. Krishnamoorthy G.M.(F&A)	John Vadassery Secretary	For VISHNU RAJENDRAN & Co. Chartered Accountants
				Sd/- Partner

THE PLANTATION CORPORATION PROFIT & LOSS ACCOUNT

Previous Year		EXPENDITURE	Current Year	
Rs.	Ps.		Rs.	Ps.
25641206.73		To Opening Stock- Rubber and Agri.Products	44861131.99	
	0.00	To purchase of Latex from union		41132.00
37375006.34		To Salaries & Allowances	38660231.87	
	242517.00	To Salaries & Allowances to MD		242295.00
1951880.10		To Leave Encashment	2645357.50	
15058950.00		To Employer's Contribution -PF	18988223.00	
	8632382.80	To Bonus & Production Incentive	18153580.24	
	24000.00	To Honorarium to chairman		24000.00
	22553.50	To TA & Sitting fee to Directors		127512.50
	953163.50	To TA to staff & officers		973118.96
	53532.00	To Rent		60073.00
	1326924.00	To Rates & taxes		1389415.60
	13724893.85	To Electricity Charges		14620346.00
	15189871.00	To Lease Rent		15189871.00
	292693.00	To Insurance Charges		484904.00
	970017.00	To Advertisement Charges		1496244.00
	730713.00	To Legal Expenses		430197.27
	79426.00	To Remuneration to Auditors		304234.00
	8155518.00	To Interest on Loan		2965668.00
	321000.00	To Guarantee Commission		294930.00
	8752124.79	To Rep. & Maintenance of Assets - Sch.I		9814545.44
	3467133.94	To Miscellaneous Expenses -Sch II		5886888.45
	20740731.49	To Welfare expenses - Sch. III		18261210.45
	4442713.84	To Depreciation		4082469.12
	12032328.39	To Cultivation & Upkeep - Rubber		12018923.98
	51557014.97	To Tapping & Collection - Rubber		50145450.61
	25090314.80	To Manufacturing & Selling Expenses		20631576.81
	9225532.77	To Cultivation & Upkeep - cashew		8512310.10
	2034443.05	To Cultivation & Upkeep - Oil Palm		3127750.00
	388401.73	To Cultivation & Upkeep - Other Crops		53334.08
	1756111.14	To Collection Charges - Cashew		1367094.92
	449138.75	To Harvesting Expenses - Oil Palm		341143.40
	31331169.60	To Provision for Gratuity		37757154.00
	55903315.91	To Net Profit c/d to P & L Appropriation A/c		57317069.70
357916722.99		TOTAL	391269386.99	

For and on behalf of Board of Directors

Sd/-
A.C. Mathew Edayadi
Chairman

Sd/-
Dr. V.K. Raju
Managing Director

Sd/-
R. Krishnamoorthy
G.M.(F&A)

Sd/-
John Vadassery
Secretary

Subject to our report of even date

For VISHNU RAJENDRAN
& Co.
Chartered Accountants

Sd/-
Partner

OF KERALA LTD., KOTTAYAM-4
FOR THE YEAR ENDED 31st MARCH 2005

Previous Year		INCOME		Current Year	
Rs.	Ps			Rs.	Ps.
		By Sales			
261704342.12		Rubber	248389053.28		
37291785.50		Cashew	48054658.77		
8271965.90		Agricultural Produce	11244055.00		
2464763.00		Rubber Trees & Firewood	3086313.30		
48758.00		Tender Forms	36771.00		
206225.00		Empties & Unserviceables	373254.90	311184106.25	
		By Interest			
338400.99		From Contractors & Customers	658406.88		
191047.90		From Staff Loans	114418.17	772825.05	
		By Other Income			
544580.00		Rent of Building	303133.00		
0.00		Insurance Claim received	107680.00		
816877.60		Miscellaneous Income	931666.29		
385751.00		Inter Crops	175029.00	1517508.29	
		By Closing Stock of Finished Goods & W.I.P			
43274376.24		Rubber	75557937.00		
1373914.25		Cashew	1620860.18		
212841.50		Other Agricultural Produces	194337.30	77373134.48	
791093.99		To Net Profit - Rubber Wood Factory -Sch. IV		421812.92	
357916722.99		TOTAL		391269386.99	

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
A.C. Mathew Edayadi Chairman	Dr. V.K. Raju Managing Director	R. Krishnamoorthy G.M.(F&A)	John Vadassery Secretary	For VISHNU RAJENDRAN & Co. Chartered Accountants
				Sd/- Partner

**THE PLANTATION CORPORATION OF KERALA LTD.,
KOTTAYAM - 4**

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005

Previous Year Rs. Ps.		Current year Rs. Ps.		Previous year Rs. Ps.		Current Year Rs. Ps.
170005384.80	To Balance as per last Balance sheet	123192745.57		55903315.91	To Net Profit as per P & L A/c	57317069.70
9090676.68	To Prior Period expenses	2933278.10		0.00	By Prior Period Income	641000.00
				123192745.60	By Net Loss transferred to Balance Sheet	68167953.97
179096061.48	TOTAL	126126023.67		179096061.48	TOTAL	126126023.67

For and on behalf of Board of Directors

Sd/-

A.C. Mathew Edayadi
Chairman

Sd/-

Dr. V.K. Raju
Managing Director

Sd/-

R. Krishnamoorthy
G.M.(F&A)

Sd/-

John Vadassery
Secretary

Subject to our report of even
date

For VISHNU RAJENDRAN
& Co.
Chartered Accountants

Sd/-

Partner

SCHEDULE - A
RESERVES & SURPLUS AS ON 31-03-2005

Previous Year Rs. Ps		Current Year Rs. Ps.
	RESERVES & SURPLUS	
118989520.90	1. <u>Capital Reserve</u> As per last Balance Sheet Additions during the year	118989520.90
81958000.00	2. <u>Replanting Reserve</u> As per last Balance Sheet	81958000.00
14079091.48	3. <u>Rehabilitation Reserve</u> As per last Balance Sheet	14079091.48
	SUBSIDY FROM GOVERNMENT	
11984393.50	1. <u>Subsidy from Rubber Board</u> - Rubber Cultivation As per last Balance Sheet 11984393.50 Additions during the year 21627.00	12006020.50
3747940.00	2. <u>Subsidy from Govt. of Kerala</u> - Cashew Plantation Upkeep As per last Balance Sheet	3747940.00
230758945.88	TOTAL	230780572.88

SCHEDULE - B		
CURRENT LIABILITIES AS ON 31-03-2005		
Previous Year Rs. Ps		Current Year Rs. Ps.
1792709.54	Sundry Creditors i) Due to Small Scale Industrial Undertakings 590131.60 ii) Due to other than Small Scale Industrial Undertaki 656217.90	1246349.50
174323292.71	Other Liabilities	158181070.55
4527721.32	EMD	4952608.32
12633592.02	Security Deposit	12559261.02
23460801.00	Advance against Sales	20838704.00
10000.00	Housing Scheme - Workers	10000.00
34001.20	Welfare Fund	37914.38
641000.00	Sale of Secondary Growth	0.00
17737151.90	Agricultural Income tax due	17737151.90
-59064.72	Central Sales Tax & KGST payable	823.00
235101204.97	TOTAL	215563882.67

For and on behalf of Board of Directors

Subject to our report of even date

Sd/- A.C. Mathew Edayadi
Chairman

Sd/- Dr. V.K. Raju
Managing Director

Sd/- R. Krishnamoorthy
G.M.(F&A)

Sd/- John Vadassery
Secretary

For VISHNU RAJENDRAN
& Co.

Chartered Accountants

Sd/-
Partner

SCHEDULE-B 1
SECURED LOAN AS ON 31-03-2005

Previous Year Rs. Ps		Current Year Rs. Ps.
	LOANS AND ADVANCES FROM BANKS	
	1. Kissan Credit OverDraft from Canara Bank	
1304954.02	Kissan Credit Overdraft availed from Canara Bank, Main Branch, Kottayam, secured by the hypothecation of stock and mortgage of lands at Vadavathoor and Kasargode and guaranteed by the Govt. of Kerala vide GO (MS) No. 21/2003/AD dtd. 27/01/2003	39304234.48
	2. Term Loan from Canara Bank	
41470412.84	Term Loan availed from Canara Bank, Main Branch, Kottayam secured by the hypothecation of stock and mortgage of lands at Vadavathoor and Kasargode and guaranteed by the Government of Kerala vide GO(MS)No. 21/2003/AD dtd.27/01/03	19653.02
42775366.86	TOTAL	39323887.50

SCHEDULE-C
PROVISIONS AS ON 31-03-2005

Previous Year Rs. Ps		Current Year Rs. Ps.
172871200.00	1. Gratuity:	
	As per last Balance Sheet	172871200.00
	ADD Additions this year	37757154.00
		210628354.00
	LESS Paid this year	37234474.00
		173393880.00
2400000.00	2. Bonus:	
	As per last Balance Sheet	2400000.00
	ADD Additions this year (from 1-1-2005 to 31-3-2005)	4200000.00
		6600000.00
	LESS Adjusted this year (from 1-1-2004 to 31-3-2004)	2400000.00
		4200000.00
19474321.07	3. Taxation:	
	As per last Balance Sheet	19474321.07
	ADD Additions this year	0.00
		19474321.07
	LESS Adjusted this year	(278544.00)
		19752865.07
194745521.07	TOTAL	197346745.07

For and on behalf of Board of Directors

Subject to our report of even date

Sd/-
A.C. Mathew Edayadi
Chairman

Sd/-
Dr. V.K. Raju
Managing Director

Sd/-
R. Krishnamoorthy
G.M.(F&A)

Sd/-
John Vadassery
Secretary

For VISHNU RAJENDRAN
& Co.
Chartered Accountants
Sd/-
Partner

SCHEDULE-D
DEVELOPMENT OF PROPERTY AS ON 31ST MARCH 2005

Item	Opening Balance		Additions		Disposals		Closing Balance	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
Rubber	328522503.15		6701315.34		0.00		335223818.49	
Cashew Plantations	27294872.15		2051803.28		0.00		29346675.43	
Arecanut Plantations	782626.88		116372.30		0.00		898999.18	
Oil Palm Plantation	31372939.28		658640.90		0.00		32031580.18	
Teak Plantations	718653.20		13360.30		0.00		732013.50	
Coconut Plantations	204782.86			0.00	0.00		204782.86	
Survey	225195.53		3289.00		0.00		228484.53	
Evicted Area Expenses	1694037.42			0.00	0.00		1694037.42	
Eucaliptus & Accasia	593312.64		5503.00		0.00		598815.64	
Vanila Plantation		0.00	259226.00		0.00		259226.00	
TOTAL	391408923.11		9809510.12		0.00		401218433.23	

For and on behalf of Board of Directors

Sd/-
A.C. Mathew Edayadi
Chairman

Sd/-
Dr. V.K. Raju
Managing Director

Sd/-
R. Krishnamoorthy
G.M.(F&A)

Sd/-
John Vadassery
Secretary

Subject to our report of even date

For VISHNU RAJENDRAN
& Co.
Chartered Accountants

Sd/-
Partner

THE PLANTATION CORPORATION OF KERALA LTD., KOTTAYAM - 4
SCHEDULE - E
SCHEDULE OF FIXED ASSETS AS ON 31st MARCH 2005

ITEM	ORIGINAL COST						DEPRECIATION						DISPOSALS/WRITE-OFF				BALANCE							
	At the end of Previous Year		Additions during current Year		Total Cost		At the end of Previous Year		For the current Year		Total Depreciation		Original Cost		Depreciation Written off		Total Cost as on 31-03-2005		Total Deprn. as on 31-03-2005		Net Block as on 31-03-2005		Net Block as on 31-03-2004	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
1.Furniture	2723310.66		13520.00		2736830.66		2507387.66		47165.00		2554552.66		0.00		0.00		2736830.66		2554552.66		182278.00		215923.00	
2.Office Equipments	3868792.65		10322.00		3879114.65		2686923.65		181735.00		2868658.65		0.00		0.00		3879114.65		2868658.65		1010456.00		1181869.00	
3.Electric Appliances	101666.74		491.00		102157.74		98002.74		1226.00		99228.74		0.00		0.00		102157.74		99228.74		2929.00		3664.00	
4.Electrical Installation	6473640.26		0.00		6473640.26		5809848.26		92332.00		5902180.26		0.00		0.00		6473640.26		5902180.26		571460.00		680314.57	
5.Telephone	295552.38		0.00		295552.38		220544.38		10434.00		230978.38		0.00		0.00		295552.38		230978.38		64574.00		75008.00	
6.Survey Instruments	12484.92		0.00		12484.92		12263.92		32.00		12295.92		0.00		0.00		12484.92		12295.92		189.00		221.00	
7.Library	70903.36		0.00		70903.36		55914.36		1498.00		57412.36		0.00		0.00		70903.36		57412.36		13491.00		14989.00	
8.Roads	24832024.42		0.00		24832024.42		10877180.42		697740.00		11574920.42		0.00		0.00		24832024.42		11574920.42		13257104.00		13954844.00	
9.Fence/Kayyala	9999260.09		0.00		9999260.09		6283560.09		371571.00		6655131.09		0.00		0.00		9999260.09		6655131.09		3344129.00		3715700.00	
10.Electric Fittings	184286.03		950.00		185236.03		151937.03		7415.00		159352.03		0.00		0.00		185236.03		159352.03		25884.00		32349.00	
11.Plant & Machinery	23187447.38		2396150.00		25583597.38		18846178.59		831607.12		19677785.71		0.00		0.00		25583597.38		19677785.71		5905811.67		4341268.79	
12.Buildings	60014109.52		75500.00		60089609.52		37162923.52		1215843.00		38378766.52		0.00		0.00		60089609.52		38378766.52		21710843.00		22851186.00	
13.Vehicles	11574868.27		849599.00		12424467.27		10061807.27		455773.00		10517380.27		23750.00		21430.00		12400717.27		10495950.27		1904767.00		1513261.00	
14 Water Supply Instr.	8413304.33		32680.00		8445984.33		8145629.33		88314.00		8233943.33		0.00		0.00		8445984.33		8233943.33		212041.00		267675.00	
15 Ammonia Cylinders	523639.00		0.00		523639.00		520880.00		1103.00		521983.00		0.00		0.00		523639.00		521983.00		1656.00		2759.00	
16.Wells	265952.95		0.00		265952.95		77514.95		9420.00		86934.95		0.00		0.00		265952.95		86934.95		179018.00		188438.00	
17.Landing Pad	118844.25		0.00		118844.25		69154.25		2484.00		71638.25		0.00		0.00		118844.25		71638.25		47206.00		49690.00	
18.Jhankar & Boat	63041.49		0.00		63041.49		34509.49		2853.00		37362.49		0.00		0.00		63041.49		37362.49		25679.00		28532.00	
19.Freehold Land	3148635.65		0.00		3148635.65		1.65		0.00		1.65		0.00		0.00		3148635.65		1.65		3148634.00		3148634.00	
20.Computer	990260.00		58150.00		1048410.00		410833.00		240758.00		651591.00		0.00		0.00		1048410.00		651591.00		396819.00		579427.00	
TOTAL	156862024.35		3437362.00		160299386.35		104932794.55		4259303.12		108292097.67		23750.00		21430.00		160275636.35		108270667.67		52004968.67		52845756.36	
Previous Year Total	159569889.01		219023.78		159788912.79		100302040.18		4641876.84		104943917.02		2910365.87		911122.47		156878546.92		104032794.55		52845752.36		59267848.82	

For and on behalf of Board of Directors

Sd/-
A.C. Mathew Edayadi
Chairman

Sd/-
Dr. V.K. Raju
Managing Director

Sd/-
R. Krishnamoorthy
G.M. (F&A)

Sd/-
John Vadassery
Secretary

Subject to our report of even date

For VISHNU RAJENDRAN
& Co.
Chartered Accountants

Sd/-
Partner

SCHEDULE - F
INVESTMENTS AS ON 31-03-2005

Previous Year Rs. Ps		Current Year Rs. Ps.
	In shares of Companies (unquoted)	
1000.00	a) 10 Equity shares of Rs.100/- each fully paid up in Banana & Fruit Development Corporation Ltd., Madras	1000.00
10000000.00	b) 1000 Equity Shares of Rs, 10,000/- each fully paid up in Kerala Feeds Ltd., Kallettumkara, Trichur.	10000000.00
2500000.00	c) 2,50,000 Equity shares of Rs. 10/- each fully paid up in Cochin International Airport Ltd., Nedumbassery.	2500000.00
12501000.00	TOTAL	12501000.00

For and on behalf of Board of Directors

Sd/-
A.C. Mathew Edayadi
Chairman

Sd/-
Dr. V.K. Raju
Managing Director

Sd/-
R. Krishnamoorthy
G.M.(F&A)

Sd/-
John Vadassery
Secretary

Subject to our report of even
date

For VISHNU RAJENDRAN
& Co.

Chartered Accountants

Sd/-
Partner

SCHEDULE - G
CURRENT ASSETS AS ON 31-03-2005

Previous Year Rs. Ps		Current Year Rs. Ps.
	A. INVENTORIES (As taken, valued and certified by the management):	
17577457.59	1. Stores and Spares at cost	16636883.63
2047266.02	2. Loose Tools	2268474.11
750007.62	3. Agricultural and Other Equipments	735639.62
43274376.24	4. Stock of Rubber & Rubber in Process (Value fixed by Management less Incidental Expenses)	75557937.00
1406537.92	5. Stock of Rubber Wood	1268910.00
1373914.25	6. Stock of Cashew Nuts	1620860.18
212841.50	7. Closing Stock - Others	194337.30
	8. Nurseries :	
849658.26	Cashew	970535.65
105725.95	Budwood - Rubber	33297.28
43037.00	Oil Palm	86331.00
1843.66	Polybag - Rubber	1133647.04
0.00	Rubber Seedlings	52242.75
		100559095.56
3682334.76	B. SUNDRY DEBTORS (Unsecured considered good):	
	Exceeding six months	5880822.47
	Others	1058958.58
	Less: Provision for Doubtful Debts	1387786.91
		5551994.14
	C. CASH & BANK BALANCES:	
223.00	a. Stamp & Stamp Papers	223.00
0.00	b. Cash Balance	—
	c. Bank Balances:	
2487826.36	1) With Scheduled Banks in Current Accounts	2887041.54
4620.00	2) With Treasury S.B. A/c.	4620.00
		2891884.54
73817670.13	TOTAL	109002974.24

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
A.C. Mathew Edayadi Chairman	Dr. V.K. Raju Managing Director	R. Krishnamoorthy G.M.(F&A)	John Vadassery Secretary	For VISHNU RAJENDRAN & Co. Chartered Accountants
				Sd/- Partner

SCHEDULE-H
LOANS & ADVANCES AS ON 31-03-2005

Previous Year Rs. Ps		Current Year Rs. Ps.
	1. SECURED (Considered Good)	
	Staff loan:	
62200.00	1) Motor Car Loan	74200.00
106552.10	2) Motor Cycle Loan	156084.85
755039.60	3) Housing Loan	546868.60
		777153.45
	2. UNSECURED (Considered Good)	
2500000.00	2. K.S.C.H.D.C.	2500000.00
15000000.00	3. K.S.H.D.C	15000000.00
38963304.83	b) Advances recoverable in cash or kind for value to be received.	24528337.33
	c) Advance payment of taxes:	
918216.71	1. Sales tax	3364867.86
7869275.00	2. Agricultural Income tax	7869275.00
12943648.00	3. Central Income tax	14214843.00
149826.00	d) Prepaid expenses	140599.00
	e) Tax refund due :	
286300.00	1. Income tax	286300.00
5082748.18	2. Agricultural Income tax	5082748.18
61668.25	f) Rebate receivable on Govt. Loan	61668.25
		73048638.62
	3. DEPOSITS	
2412502.00	1. KSEB, Port Trust & other Govt. Dept.	2412502.00
251184.00	3. Other Deposits	294155.00
224885.00	4. With Court	246092.00
75244.25	5. With Suppliers	75244.25
		3027993.25
87962593.92	TOTAL	76853785.32

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
A.C. Mathew Edayadi Chairman	Dr. V.K. Raju Managing Director	R. Krishnamoorthy G.M.(F&A)	John Vadassery Secretary	For VISHNU RAJENDRAN & Co. Chartered Accountants
				Sd/- Partner

SCHEDULE - I
REPAIRS & MAINTENANCE OF ASSETS

Previous Year Rs. Ps		Current Year	
		Rs.	Ps.
3781336.32	Repairs to Vehicles	4181893.88	
970453.46	Repairs to Buildings	912223.00	
759361.87	Repairs to Plant & Machinery	1155763.03	
272869.16	Repairs to Roads	203906.59	
1057040.08	Repairs to Electrification	988270.60	
780465.41	Repairs to Water Supply Installation	926186.48	
47142.56	Repairs to Office Equipment	80423.24	
512591.70	Repairs to Fence / Kayyala	561325.60	
362361.92	Repairs to Tools	339974.26	
12197.56	Repairs to Jhankar & Boat	0.00	
49807.00	Repairs to Computer	46164.00	
38701.60	Repairs to Furniture	54385.00	
61750.84	Repairs to Temporary shed	118600.76	
46045.31	Repairs & Main. To Assets	245429.00	
3752124.79	TOTAL	9814545.44	

SCHEDULE - II
MISCELLANEOUS EXPENSES

Previous Year Rs. Ps		Current Year	
		Rs.	Ps.
692272.26	Postage Telephone & Telegram	691418.57	
656965.55	Printing & Stationery	372307.50	
190300.06	Office Expenses & Others	233349.78	
528527.56	Security Expenses	803744.05	
5296.36	Storage Expenses	7925.00	
63495.60	Survey Expenses	49428.00	
16068.00	Books & Periodicals	9882.00	
271750.20	IB Expenses	275078.86	
73323.30	Entertainment Expenses	88233.75	
140171.00	Staff Training Expenses	63556.00	
120744.00	Ferry Expenses	107220.00	
0.00	Donations	2512074.00	
666180.80	Bank Charges	667906.44	
42039.25	Gardening	4764.50	
3467133.94	TOTAL	5886888.45	

For and on behalf of Board of Directors

Subject to our report of evendate

For VISHNU RAJENDRAN
& Co.

Chartered Accountants

Sd/-
A.C. Mathew Edayadi
ChairmanSd/-
Dr. V.K. Raju
Managing DirectorSd/-
R. Krishnamoorthy
G.M.(F&A)Sd/-
John Vadassery
SecretarySd/-
Partner

**SCHEDULE - III
WELFARE EXPENSES**

Current Year Rs. Ps.	Previous Year Rs. Ps.
1842908.90	1937167.69
49597.00	128883.00
2973720.55	3523467.29
3849880.91	4196647.00
185060.30	232771.99
943456.87	1159554.30
393724.69	394387.00
65768.75	54243.00
6557394.58	7044606.45
44793.00	57937.00
205687.15	216455.00
16843.00	27894.40
56146.00	56808.00
202524.00	262385.00
243559.95	204079.97
128599.80	151613.40
52473.00	54327.00
434047.00	502400.00
15025.00	15104.00
18261210.45	25740731.49
	TOTAL

For and on behalf of Board of Directors

Subject to our report of even date

Sd/- **A.C. Mathew Edyadi** Chairman
 Sd/- **Dr. V.K. Raju** Managing Director
 Sd/- **R. Krishnamoorthy** G.M.(F&A)
 Sd/- **John Vadassery** Secretary
 Sd/- **Chartered Accountants & Co.**
 Partner

SCHEDULE - IV**RUBBER WOOD FACTORY****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005**

Previous Year			Current Year		Previous Year			Current Year	
Rs.	Ps.		Rs.	Ps.	Rs.	Ps.		Rs.	Ps.
1026831.30		To opening Stock	1406537.92		3141306.35		By Sale of Processed Rubber Wood	2804577.00	
1242819.00		To Purchase of Rubber Trees	818807.00		157831.00		By Sale of By Products and Waste	154163.00	
	0.00	To Cutting & Transportation of Tree		0.00	8995.00		By Interest on Staff Loans	2474.00	
179371.64		To Pay & Allowances	223734.30		10400.00		By Miscellaneous Income	6930.21	
161874.63		To Factory Wages	170695.04		1406537.92		By Closing Stock	1268910.00	
16193.80		To Bonus to Staff & Workers	14326.00						
38948.00		To Contribution to PF	53149.00						
14915.40		To Welfare Expenses	23922.33						
4568.00		To Travelling Expenses	5688.00						
69235.90		To Rep. & Maint. of Assets	56124.50						
506.00		To Advt. & Sales Promotion	450.00						
28848.50		To Office Expenses	16027.50						
199163.00		To Depreciation	176834.00						
939001.11		To Mfg. & Selling Expenses	848833.70						
11700.00		To Labour Welfare Fund	112.00						
791093.99		To Net Profit transferred to P & L	421812.92						
4725070.27		TOTAL	4237054.21		4725070.27		TOTAL	4237054.21	

For and on behalf of Board of Directors

Sd/-
A.C. Mathew Edayadi
Chairman

Sd/-
Dr. V.K. Raju
Managing Director

Sd/-
R. Krishnamoorthy
G.M. (F&A)

Sd/-
John Vadassery
Secretary

Subject to our report of even date

For VISHNU RAJENDRAN
& Co.
Chartered Accountants

Sd/-
Partner

SCHEDULE - J**SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2005****1. Basis of Accounting:**

The financial Statement of the company are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) applicable in India and the provisions of the Indian Companies Act, 1956.

2. Use of Estimates:

The preparation of the Financial Statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of the financial statement, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from these estimates.

3. Fixed Assets:

The Fixed Assets are accounted on historical cost basis which includes purchase price, and all other costs attributable to bringing the assets into its working condition as reduced by accumulated depreciation upto the end of the financial year.

4. Taxes on Income:

This includes the Taxes under the Central Income Tax Act and the Kerala State Agricultural income Tax Act and is accounted as per the requirements of the Accounting Standard 22 - Accounting for Taxes. Tax expenses for the year comprises of current tax and deferred tax. Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred Tax Assets and Deferred Tax Liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on Deferred Tax Assets and Liabilities of a change in tax rates is recognised in the Profit and Loss a/c in the year of change. Deferred Tax Assets and Deferred Tax Liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

5. Earning per Share:

The earnings considered in ascertaining company's EPS comprises the net profit after tax (and includes the post tax effect of any extraordinary items). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

6. Depreciation:

Depreciation has been provided for in the accounts on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956 subject to Note No. 18.

7. Inventories:

- a) Closing stock of finished goods and work-in-progress are valued at lower of costs or net realisable value as in the previous years using weighted average method. Net realisable value of finished goods is selling price less associated selling cost.
- b) Agricultural produces are valued at market value.
- c) Serviceable tools and implements and other equipments are valued at cost less depreciation.

d) Nurseries comprising of saplings held for planting or sale have been valued at cost.

e) Stores and spares are valued at cost less provision, if any, for obsolescence.

8. Treatment of Expenses during Construction period:

Expenses during construction period is included under the head Capital Work in Progress and the same is allocated to the respective fixed assets on the completion of the construction.

9. Development Expenditure:

Expenditure incurred for the development of Plantation is capitalised and is shown in the Balance sheet as Fixed Assets - Plantation. At the time of disposal of the Plantation, the proceeds are treated as profit or loss after setting off the related development expenditure less subsidy if any received.

10. Subsidies:

Subsidy received is shown as a separate liability and is disclosed as a separate item under Reserves & Surplus. The obligation to Rubber Board with respect to Subsidy is fulfilled only on disposal of the related property.

11. Investments:

Investments are stated at cost.

12. Retirement Benefits:

The Company provides for Gratuity and Leave encashment benefits only to its employees as retirement benefits. These are provided for based on actuarial valuation from an approved actuary. The amount of these benefits are provided on the basis of the earnings of the employees and the payment to the retired employees are made out of the same.

13. Contingent Liabilities:

All liabilities of a contingent nature are disclosed at their expected cost.

SCHEDULE - K**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31ST MARCH 2005****1 RESERVES AND SURPLUS**

The Reserves and Surplus includes Capital Reserve, Replanting Reserve and Rehabilitation Reserve. The balance in Capital Reserve account is Rs. 11,89,89,520.90 (previous year Rs. 11,89,89,520.90).

2 SUBSIDY FROM GOVERNMENT

The Subsidy from Government includes Capital Subsidy received for Rubber and Cashew cultivation from Government. The Subsidy received from Government of Kerala for Cashew cultivation upto 31.03.2005 is Rs. 37,47,940/- (Previous year Rs. 37,47,940/-). The Corporation has received Rs. 1,20,06,020.50 as Rubber Board Subsidy upto 31.03.2005 (previous year Rs. 1,19,84,393.50) and the Corporation is contingently liable to the Board for the same in case the Plantation is destroyed or is used for any public purpose.

3 UNSECURED LOANS GRANTED**Loans To Kerala State Horticultural Products Development Corporation**

In pursuance of the Government Order (Rt) No. 1546/96/AD dated 01-11-1996, the company has paid Rs. 1.5 crores to Kerala State Horticultural Products Development Corporation Limited.

In spite of repeated requests, the K.S.H.P.D.C has not paid any part of the loan or interest due to the Corporation. The Govt., of Kerala has directed to convert the loan and interest into share capital. The Corporation's Board meeting held on 30.10.1999 has accorded sanction to convert the principal amount of loan to share capital and to request the Govt. to pay the interest to Corporation rather than converting the same into share capital. However, the Govt. of Kerala vide letter No. 38402/PUII/99/AD dated 10/1/2000 has not accepted the proposal of the Corporation and has affirmed that the Govt. adheres to the earlier Govt. direction and hence interest on Rs. 27 lakhs at the rate of 18% has not been provided.

Loan To Kerala State Coconut Development Corporation Ltd.

In pursuance of the government order (Rt) No. 1828/97/AD dated 1-11-1997, the Corporation has paid Rs.25 lakhs to the Kerala State Coconut Development Corporation Limited during 1997-98. Interest for the current year at the agreed rate of 12% per annum amounts to Rs. 3 lakhs. (Previous year Rs. 3 lakhs) The K.S.C.D.C has closed down its operation since April 1998 and is under liquidation. It is expected to realise the amount on disposal of the immovable property of the company. Hence no provision for loss is made in the accounts.

4 OTHER LIABILITIES**Labour Welfare Fund**

An amount of Rs.37,914.38 (Previous year Rs.34,001.20) payable to the Labour Welfare Fund of the State Government represents funds credited out of time barred wages and bonus unclaimed for a period of more than three years.

5 SUNDRY CREDITORS

Sundry Creditors includes an amount of Rs. 5,90,131.60 (previous year Rs. 7,40,148.75) due to Small Scale Industrial Undertakings during the current year and details of which are as under:

Southern Organo Products (P) Ltd.	:	Rs. 3,68,582.50
Johnson Plastics	:	Rs. 22,920.00
Premier Metals, Ernakulam	:	Rs. 86,894.10
Steel Industries	:	Rs. 18,525.00
Vani Traders	:	Rs. 55,285.00
Menon Engineering	:	Rs. 20,041.00

M M Industries	:	Rs. 3,675.00
Friends Industries	:	Rs. 11,975.00
Jai Hind Textiles	:	Rs. 2234.00
Total	:	Rs. 5,90,131.60

6 PROVISIONS

- Gratuity and leave encashment benefit liability has been provided on the basis of Actuarial valuation of an approved actuary. The Liability for gratuity as on 31.03.2005 worked out to Rs. 17,33,93,880/- (Previous Year Rs. 17,28,71,200/-). Liability for Expenses includes an amount of Rs. 13,15,560/- (Previous Year Rs. 11,23,850/-) in respect of unencashed portion of earned leave of the employees as on 31-03-2005.
- Based on the calendar year earnings, Bonus at 18% has been paid to the employees for the calendar year 2004 vide G.O.(Rt) No. 1328/2005/AD dated 6-9-2005. Those who are not eligible for bonus, special festival allowance is paid @ Rs 4000/- (Previous year Rs. 1000/-) as per the Government Order. The bonus debited to the Profit and Loss account for the current year amounts to Rs. 1,81,53,580.24/- (previous year Rs. 86,32,382.80/-)
 - A provision of Rs. 42 lakhs has been made in the accounts towards bonus pertaining to January 2005 to March 2005 on eligible earnings.
 - Agricultural Income Tax and Central Income Tax assessments are completed up to the assessment year 2003-04. Based on the completed assessment and return filed up to assessment year 2003-2004, there is a short provision of Rs. 726 lakhs (Previous year Rs.726 lakhs). Since most of the assessments are under appeal, no additional provision has been made in this regard. The short provision relates to the assessment years from 1977-78 to 2003 -04

7 FIXED ASSETS

- The total area of land handed over to the company by the Government of Kerala as on 31-03-2005 is 14,192.64 hectares (Previous Year total area 14,020 Ha.). Certain areas have been subjected to survey. Particulars are given below:

Details	Mature Area (Ha)	Immature Area (Ha)
Rubber Plantation	5,484.24	1,001.17
Cashew Plantation	6,430.75	67.88
Oil Palm Plantation	668.73	36.00
Total	12,583.72	1,105.05

Area under cultivation	:	13,688.77 Ha
Other Crops	:	81.28 Ha
Vacant and Rocky	:	422.59 Ha
Gross Total	:	14192.64 Ha

- The terms and conditions under which the company has taken 975 hectares (included in (a)) of land covered by Cheemeni Estate are yet to be determined. No provision for lease rent is made for the 975 hectares. The company is paying land tax for the land of Cheemeni. The entire revenue from the estate is treated as income. The above 975 hectares includes 126.55 hectares transferred to the Prison Department as per G.O (MS) No. 95/99/RD dated 18-03-1999, an area of 126.55 Ha in Thuravu II division of Cheemeni Estate was transferred and possession is handed over to Prison Department invoking urgency claim subject to the condition that the terms and conditions of transfer will be decided later.

The company has claimed an amount of Rs. 582.30 lakhs from the Prison Department (by production loss and value of timber trees) as compensation. However no adjustment in this regard has been made in the accounts since the matter is still pending. At the time of final decision in this matter, the amount receivable will be provided in the accounts.

- c) Lease deeds for lands handed over to the company since 1970 are pending execution except for the land handed over for the development of cashew plantations (Rajapuram Estate) under World Bank Scheme.
- d) The written down value of Buildings, Roads, Landing Pads and Fences is Rs. 383.59 lakhs of which assets worth Rs.336.89 lakhs are constructed on lease hold lands.
- e) The company undertook construction of a causeway at Rajapuram Estate for an estimated amount of Rs 29,32,145 /- which has been sanctioned by the Board of Directors on the condition that 50% of the cost will be met by the Karnataka Government. The entire amount spent by the company has been shown under Capital- WIP.
- f) The company has spent an amount of Rs. 1,81,35,293.33/- up to 31/3/2005 (previous year Rs. 1,68,96,424.33) on account of Farm Tourism Project. The Project was inaugurated on 7/1/2001. Eventhough the Stage I approval of the project was accorded by Central Government in December 2000, the Stage II approval was accorded only in September 2005 vide Letter No. C(C)A/11.2/101/KER/MISC dated 23rd September 2005. The Commercial operation can be started only after getting the Stage II approval from the Government of India under Forest Conservation Act. So the amount spent by the company is shown under the head Capital - WIP

The Board of Directors vide its meeting dated 29-1-2001 has agreed to transfer 6 Hectares of land to the Forest Department as compensation for afforestation. An amount of Rs.285300/- has been paid on 10th December 2002 and included under the head Capital WIP

8 SUNDRY DEBTORS

Sundry Debtors include Rs.7,63,820.11 (previous year Rs.7,63,820.11) from companies owned by the Government of Kerala and Government of India details of which are as under:

Trivandrum Rubber Works Ltd. Trivandrum	:	Rs. 1,39,846.47
Hindustan Latex Limited, Belgaum	:	Rs. 78,663.40
Hindustan Latex Ltd, Trivandrum	:	Rs.17,446.54
Secretary, Rubber Board, Kottayam	:	Rs. 5,100.00
State Farming Corporation of Kerala Ltd., Punalur	:	Rs. 5,22,763.70
Total	:	Rs. 7,63,820.11

9 STAFF LOAN & ADVANCES

(a) Secured Loan

- 1) Motor Vehicle loans to officers and staff are fully secured by hypothecation of vehicles in favour of the company. The amount of such loans outstanding as on the close of the year works out to Rs. 2,30,284.85 (Previous year Rs 1,68,752.10)
- 2) Housing loan to staff and officers are fully secured. Amount outstanding as on the close of the year Rs.5,46,868.60/- (Previous year Rs7,55,039.60/-)

b) Unsecured Loans

Advance recoverable in cash or in kind for value to be received under 'Loans & Advances' include the following amounts due by the employees of the company.

Details	Current Year (Rs.)	Previous Year (Rs.)
T.A. Advance	2,79,742.66	2,48,858.61
Salary Advance (Onam)	72,19,449.70	25,50,163.27
Other Advance	30,97,239.46	7,89,076.68
Interest on Vehicle Loan	1,36,382.01	1,76,151.81
Stores recoverable	1,80,805.19	1,70,055.17
Medical Advance	16,51,774.58	11,95,286.58
Medical bills recoverable	27,426.17	22,808.41

10 DEPOSITS WITH GOVERNMENT DEPARTMENTS:

These comprises balances with:

Details	Current Year (Rs.)	Previous Year (Rs.)
Cochin Port Trust	3,600.00	3,600.00
Civil Supplies Corporation	10,000.00	10,000.00
Post & Telegraph Department	40,317.00	40,317.00
Kerala State Electricity Board	23,58,585.00	23,58,585.00
TOTAL	24,12,502.00	24,12,502.00

11 PLANTATION TAX

For the period from 1989-90 to 1997-98 on the basis of returns filed by the Corporation, the net amount refundable to the company was Rs. 46,54,000.45. But, as per the Assessment Orders No. B5. 5072/81 dt. 4-7-98 and 22-7-98 of RDO, Adoor, the net amount refundable was only Rs. 40,87,094.85. The Company has filed appeal against this assessment before the District Collector, Pathanamthitta, who had remanded the same for fresh hearing. The case was re-heard and orders were passed by Sub-Collector, Adoor vide Assessment Order No.B 5 - 5072/81/KD dtd 11-3-2004. As this order was adverse, the Corporation has preferred a second appeal before the District Collector, Pathanamthitta against the order of Sub-Collector, Adoor. The same has been heard and the hon'ble District Collector, Pathanamthitta had set aside the impugned assessment order of RDO, Adoor instructing to finalise the issue on the basis of returns filed by the Corporation. (Order No. R7-21711/04/K.D dated 1.03.2005) As fresh Assessment Order by RDO, Adoor is not yet received, provision of Rs. 5,48,776 (included in Rates and Taxes) has been made on the basis of returns filed by company.

12 SALES TAX

KGST assessments and CST assessments are completed only up to 2000-2001. No provision has been made on the additional demand since the assessment orders are under appeal.

A Demand of Rs.60,37,598/- has been raised against the company in respect of the reopened sales tax assessments for 1988-89 to 1990-91. No Provision has been made in the accounts as the company has disputed the same and appeals are pending.

13 LEASE RENT

The rate of lease rent as per G.O.(MS) No. 11/89dated 20-01-1989 is Rs.1,300/- per Ha., payable to Forest Department with effect from 18-12-1987. In view of the repeated representations made by the Corporation,

the Government has ordered (vide letter L32/62939/95 dated 22-02-1997) to accept remittance from the Corporation at Rs.475/- per hectare per annum w.e.f. 01.01.1981 on a purely provisional basis. Corporation is providing in its books of accounts lease rent at Rs.1,300/-per Ha.and payment is made at Rs.475/- per Ha. till 1998-99 Payment of Rs.475/- from 1999-2000 onwards has not been made due to paucity of funds. The Forest department has claimed penal interest of Rs. 848.19 lakhs for not remitting lease rent at the increased rate. The lease rent claimed by the Government is against the lease deed. Since the rate of lease rent is appealable, the question of penal interest does not arise at present. When the rate is finally decided, the company will take steps for waving the penal interest since both parties form part of Govt. However this has not been provided since the final decision has not been made by the Government. The Government also vide G.O. (MS) No.21/2003/ AD dated 27-1-2003 has deferred the payment of lease rent by the company, till completion of repayment of the entire loan and interest availed by the Company from Canara Bank. There has been a decision to fix the lease rent payable by the Company upto the end of 1991 at Rs.475/- per Ha. No adjustment has been made in the accounts in respect of excess provision if any upto the end of 1991 as the decision is subsequent to the Balance Sheet date.

14 SALARY PAYABLE

The salary to the employees of the Corporation could not be paid from July 2001 to October 2001 due to the precarious financial position. At that time, some of the Employees' Unions agreed to forego salary for the said period. However, the four months salary was provided as payable in the accounts for the year ended 31.3.2002. When the financial position improved by availing Bank Finance and increased productivity, the matter was taken up with Government and Government has accorded sanction for payment of the pending salary for the four months as per Finance (PUB) dated 13.12.2004. Accordingly salary for the period from July 2001 to October 2001 was paid in January 2005 and the Provident Fund dues were remitted in February 2005. The Company has not provided for any damages and interest for the payment of P.F. Considering the difficulties of the employees due to non-payment of salary, a welfare fund was constituted and payments were made based on the request of each employee. The amount of welfare fund paid was adjusted against the salary dues at the time of payment.

15 MANAGERIAL REMUNERATION

Managerial Remuneration paid/payable to Managing Director is as follows

	Current Year (Rs.)	Previous Year (Rs.)
Pay & Allowances	2,42,295.00	2,18,658.00
Medical Reimbursement	703.00	28,076.10
Interest subsidy on Housing loan	0.00	23,859.00

16 REMUNERATION TO OTHER DIRECTORS

	Current Year (Rs.)	Previous Year (Rs.)
TA & Sitting fee to Directors	1,27,512.50	22,553.50
Honorarium to Chairman	24,000.00	24,000.00

17 AUDITORS' REMUNERATION

	Current Year (Rs.)	Previous Year (Rs.)
Statutory Auditors' fee	51,794.00	44,080.00
Expenses to Statutory Auditors	10,000.00	10,000.00
Internal Auditors' Fee	2,13,788.00	0.00
Other services	28,652.00	25,346.00
Total	304,234.00	79,426.00

18 DEPRECIATION

The Company has charged depreciation on the written down value method at the rates prescribed in Schedule XIV to the Companies Act except in the case of Office Equipments and Survey Instruments at 15%, Library at 10% and Water Supply Installation at 30% consistently.

19 MANUFACTURING AND SELLING EXPENSES

This includes cost of 18425 Nos. packing drums worth Rs.78,59,386.00

20 SALES

a) Additional information pursuant to the provisions of Paragraph 3, Part II of the Schedule VI to the Companies Act, 1956.

Item	Current Year		Previous Year	
	Quantity (M.Ts.)	Value (Rs. lakhs)	Quantity (M.Ts.)	Value (Rs. lakhs)
Sale of goods (as classified in the sales register)				
Rubber	4057.16	2483.89	4490.30	2617.04
Cashew	N.A.	480.55	N.A.	372.92

Quantitative particulars of cashew are not available as the sales were effected by tender - cum- auction.

b) The right of collection of cashew nuts from most of the company estates has been awarded under the tender -cum-auction system . As the crop season is from February to June, 40% of the auction price has been recognised as income of the current year and the balance as deferred income.

21 RUBBER WOOD FACTORY

The Corporation has a pilot plant at Kodumon for the treatment of rubber wood collected from the estates. The working result of the project has been separately shown in Schedule IV to the Profit & Loss Account for the year ended 31-03-2005.

22 CONTINGENT LIABILITIES

- a) Estimated amount of contracts for which the company is contingently liable on capital account and not provided for is Rs 36,86,179/- (Previous year Rs.36,86,179/-)
- b) 36 cases (previous year 30 cases) are pending, including two appeals before the tax authorities and six cases of vanilla intercrop cultivation contract on leave and license basis which were cancelled by G.O. (Rt.) No. 1673/363/AD dated 18.12.2003, against the company for which amounts are not ascertainable as claims of the parties have not been finalised. As such they are not acknowledged as creditors and have not been provided for.
- c) Lease rent - As per Note 13.

23 ADDITIONAL INFORMATION AS PER CLAUSE 4D OF PART II SCHEDULE VI TO THE COMPANIES ACT.

Particulars	Current Year		Previous Year	
	Value (Rs lakhs)	Consumption	Value (Rs lakhs)	Consumption
a) CIF value of import during the year	Nil		Nil	
b) Expenditure in Foreign Currency	Nil		Nil	
c) Value of raw materials, stores, spares and components during the year				
1. Imported Value	Nil	Nil	Nil	Nil
2. Indigenous (Stores & Spares)	268.73%	100%	285.68	100%
d) Particulars of dividend remitted in foreign exchange	Nil		Nil	
e) Earnings in Foreign Exchange	Nil		Nil	

- 24 Total wages paid during the year to tappers, field workers and factory workers are Rs.778.19 lakhs. (Previous year Rs.743.57 lakhs)

25 **PRIOR PERIOD EXPENSES**

Sale of Cashew duplicated in 2001-02 reversed	6,10,495.00
Barrel consumed in earlier years not charged in Nilambur	20,11,787.10
Barrel consumed in earlier years not charged in Alakode	3,10,996.00
Total	29,33,278.10
Sale of secondary growth in Perambra Estate	6,41,000.00

- 26 Cash flow statement for the year ended 31st March 2005 has not been prepared and annexed to the accounts, since it is not a listed company and it is not mandatory under the Accounting Standards issued by ICAI.

27 **DEFERRED TAX ASSETS AND LIABILITIES**

Eventhough the company has achieved a net profit of Rs. 573 lakhs during the current year, the company has not recognised the corresponding Deferred tax liability / deferred tax assets, because the DTA relating to the accumulated loss of the previous years was not recognised during the earlier period at that time because of the uncertainty with regard to the realisation of enough future profits.

- 28 The Company has entered into an agreement with Institute of Human Resources Development Trivandrum on 25th May 1999 for software development and complete computerisation activities of the Corporation for an amount of Rs. 13,20,000/- As informed by IHRD vide letter No. D3/5592/99/IHRD dated 21-10-1999, 40% of the total volume of work for the project has been completed and has claimed an amount of Rs. 3,52,000/- towards first instalment. However the Corporation has paid an amount Rs. 1,00,000/- as token advance against the work so far done.

Since there was some delay in completion of the contract, the company has further discussed the matter with IHRD officials and paid further an advance of Rs. 2,00,000/- for the speedy completion of the work.

- 29 The Government of Kerala sanctioned the following amounts to the Corporation for investment in the shares of Oil Palm India Ltd. (Formerly subsidiary of Plantation Corporation) as detailed below:

	Rs.
G.O(MS) No.361/99dt 28.12.1977	56,00,000.00
G.O(MS) No.75/78 dt13.3.1978	46,00,000.00
G.O(MS) No.407/80 dt 11.02.1980	10,00,000.00
Total	1,12,00,000.00

Out of this Rs.112 lakhs, the Corporation has repaid to Govt. of Kerala Rs.17,33,338/- As per Govt.order GO(MS) No.238/93 AD dated 4.8.1983 and GO (MS) No.41/84 AD dated 2.2.1984, the subsidiary status of Oil Palm India Ltd., was terminated and the three loans amounting to Rs.112 lakhs were cancelled.

With the loan amount, the Corporation has invested in shares worth Rs121.20 lakhs in Oil Palm India Ltd. For the termination of subsidiary status of Oil Palm Ltd., as per Government orders referred above, the Govt. has fixed the intrinsic value of each share worth Rs.1000 at Rs.512 per share (GO(MS)No.294/85/AD dated 4.11.1985)

The Government has also ordered to adjust this amount against the loan. As such an amount of Rs.82,05,440/- has been adjusted against the loan.

The balance amount of Rs.32,61,222/- outstanding in the books of the Corporation towards the loan was transferred to Capital Reserve Account during financial year 1996-97.

During 1999-2000, the Corporation was directed to repay an amount of Rs62,75,140/- (Principal- Rs. 32,61,222/-, interest Rs.28,67,382/-and penal interest Rs.146536/-) vide GO(MS) No. 238/99 /AD dated 19.8.99 and letter No.L II(I)15099/84 dated 24.11.1999 from the Director of Agriculture. The Govt. of Kerala vide G.O.(MS) No; 34/2002/AD dated 15/3/02 has ordered that the amount of Rs. 62, 75,140/- be converted in to Share Capital and has directed the Managing Director to issue Share Certificate for the said amount to the Government. However, no provision is made in the accounts for the same as the matter is still under correspondence.

30 **GUARANTEE COMMISSION**

Provision has been made in the accounts in respect of Guarantee Commission at 0.75% payable to the Government in respect of Guarantee given on loan taken from Canara Bank , secured by the hypothecation of stock and mortgage of lands at Vadavathoor and Kasargode Estate and guaranteed by Govt. of Kerala Vide G.O.(MS) No. 21/2003/AD dated 27.01.2003.The Guarantee Commission amounts to Rs. 2,94,930 for the current year (previous year Rs. 3,21,000.00).

31 Previous year figures have been re-grouped /recast wherever necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1.	Registration Details	Registration No. : 01997	State Code : 09
2.	Capital Raised during the year (Amount in Rs. Thousands)	Public Issue	Private Placement
		NIL	NIL
3.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	Total Liabilities	Total Assets
		791960	791960
	Sources of Funds	Paid up Capital	Reserves & Surplus
		55688	230781
		Secured Loans	Unsecured Loans
		39324	4821
	Application of Funds:	Net Fixed Assets	Investments
		476998	12501
		Net Current Assets	Misc. Expenditure
		(-) 227054	
		Accumulated Loss	
		68168	

4.	Performance of the Company (Amount in Rs. Thousands)	Turnover	Total Expenditure
		391269	333952
		Profit / Loss before tax	Profit / Loss after tax
		Profit 573176	Profit 57317
		Dividend (Percentage)	
		NIL	
5.	Genetic names of Three Principal Products/Services of Company (as per monetary terms)	1. Item Code No. (ITC Code)	400110.00
		Product Description	Centrifuged Latex (Natural Rubber latex pre vulcanised)
		2. Item Code No. (ITC Code)	400122.09
		Product Description	Technically specified natural rubber (Others) ISNR
		3. Item Code No. (ITC Code)	080131.00
		Product Description	Cashew nuts in shell (Cashew plantation crop)

For and on behalf of Board of Directors

Sd/-	Chairman	Dr. M. Mathew Edayadi
Sd/-	Managing Director	Dr. V.K. Raju
Sd/-	G.M.(F&A)	R. Krishnamoorthy
Sd/-	Secretary	John Vadassery

3. The Balance sheet and the Profit & Loss account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance sheet and Profit and Loss Account dealt with by this report, comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanation given to us, the accounts together with the notes thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005, and
 - b. In the case of the Profit & Loss account of the Loss for the year ended on that date.

Kottayam
9-03-2006

For Vishnu Rajendran & Co.
Chartered Accountants

Sd/-

M.P.Jose FCA
Partner
M.No.204255

ANNEXURE TO AUDITORS REPORT

- (i) a) The company has maintained proper records to show full particulars including quantitative details and situation of fixed assets for all major assets.
- b) The physical verification of these assets has been conducted by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The company has not disposed off a substantial part of the fixed assets during the year.
- (ii) a) Physical verification of Inventories has been conducted by the management at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventory, and no material discrepancies were noticed on physical verification as per the information provided to us.
- (iii) (a) During the year the company has not granted any loans secured or unsecured from/to companies, firms or other parties listed in the register maintained u/s 301 of the companies Act, 1956.
- (b) In respect of loans and advances in the nature of loans given by the Company during the earlier periods to Kerala State Coconut Development Corporation Ltd. (Rs. 25 lakhs), and Kerala State Horticulture Products Development Corporation Ltd. (Rs. 150 lakhs), parties are not regular in payment of principle amount and interest to the corporation.
- (c) According to the information provided the company has taken reasonable steps for recovery of the same.
- (d) The company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Act, and so no comment is required under clauses (f) and (g).
- (iv) According to the information provided, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. No continuing failure to correct major weaknesses in Internal Control System has been noticed, except in the management of sundry debtors.
- (v) The transaction that needs to be entered into the register maintained under section 301 of the Act has been so entered.
- (vi) The Company has not accepted any deposits from the Public.
- (vii) Based on our assessment of the extent of coverage and periodicity of reporting of the Internal Audit of the company the internal audit system in its present structure and conditions is not commensurate with the size and nature of its business.
- (viii) According to the informations provided to us, the company has not maintained books and other records to be maintained under Section 209 (1) (d) of the companies Act, 1956.
- (ix) (a) According to the information provided and the records made available for our verification the company is regular in depositing to appropriate authorities undisputed statutory dues.
- (b) Particulars of dues of income tax/sales tax/ wealth tax/ customs duty/ excise duty/ cess etc. which have not been deposited on account of any dispute, the amounts involved and the forum where dispute is pending are mentioned below.

Assessment year	Nature of Tax	Forum where dispute is pending	Disputed amount of Tax / Appeal
(1) Agricultural Income Tax			
1985-86	AIT	Agricultural Income Tax Appellate Tribunal, Ernakulam	1,28,91,806.00
1986-87	AIT	Agricultural Income Tax Appellate Tribunal, Ernakulam	1,07,72,664.00
(2) Central Income Tax No Disputed Tax is pending remittance			
(3) Sales Tax			
1998-99	KGST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	13,07,031.00
1998-99	CST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	2,11,010.00
1999-2000	KGST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	25,58,020.00
1999-2000	CST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	6,23,802.00
2000-2001	KGST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	21,79,060.00
2000-2001	CST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	28,66,719.00

- (a) The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (b) The Company has not defaulted in repayment of dues to banks during the year.
- (c) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (d) The Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/Society.
- (e) The Company is not dealing or trading in shares, securities, debentures or other investments.
- (f) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (g) The Company has applied the term loans for the purpose for which they were obtained.
- (h) The Company has not raised any fund on short-term basis to be used for long term investment or vice versa.
- (i) The company has not made any preferential allotment of shares during the year.
- (j) The Company has not issued any debentures.
- (k) The Company has not raised any money by public issues during the year.
- (l) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Kuttayam
09-03-2006

For Vishnu Rajendran & Co.
Chartered Accountants

Sd/-

M.P.Jose FCA
Partner
M.No.204255

**REPLY TO THE REPORT OF THE STATUTORY AUDITORS
FOR THE YEAR 2004 - 2005**

- (a) The two loans were given as per the direction of the State Government. Since the realisation of the above loans are uncertain, no adjustments have been made in the accounts.
- (b) Noted.
- (c) 1) Noted.
2) Noted.

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), KERALA, THIRUVANATHAPURAM

REVIEW OF ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LIMITED KOTTAYAM FOR THE YEAR ENDED 31st MARCH 2005 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

1. FINANCIAL POSITION

The table below summarises the financial position of the company under broad headings for the three years up to 2004-2005

	Particulars	2002-03 (Rs. in lakh)	2003-04 (Rs. in lakh)	2004-05 (Rs. in lakh)
1.	Liabilities			
	a. Paid up capital	556.88	556.88	556.88
	b. Reserves and surplus	1179.30	2307.59	2307.81
	c. Borrowings	546.21	427.75	393.24
	d. Trade dues and Other liabilities (Including provisions)	5527.67	4346.67	4177.32
	e. Deferred Tax liability	19.43	280.70	-
	Total	<u>7829.49</u>	<u>7919.59</u>	<u>7435.25</u>
2.	Assets			
	a. Fixed Assets	1595.70	1568.79	1602.76
	b. Less Depreciation	1003.02	1040.33	1082.70
	c. Net Fixed Assets	592.68	528.46	520.06
	d. Development of property	3893.23	3914.09	4012.18
	e. Capital work in progress	244.93	225.36	237.75
	f. Investments	125.01	125.01	125.01
	g. Current Assets, loans and advances	1254.16	1614.05	1858.57
	h. Deferred Tax Assets	13.82	-	-
	i. Accumulated loss	1705.55	1512.62	681.68
	Total	<u>7829.38</u>	<u>7919.59</u>	<u>7435.25</u>
	Capital employed	2169.09	3663.00	4185.18
	Net worth	30.52	1351.85	2183.01

Note. 1. Capital employed represents net fixed assets (including capital work in progress) plus working capital

2. Net worth represents paid up capital plus reserves and surplus less accumulated loss.

2. CAPITAL STRUCTURE

The borrowing during the years 2002-03 was Rs. 546.21 lakhs, during 2003-04 Rs. 427.75 lakhs and during 2004-05 Rs.393.24 lakhs. The debt equity ratio of the Company was 0.98:1 in 2002-2003, 0.77:1 in 2003-04 and 0.71:1 in 2004-05.

3. RESERVES & SURPLUS

The reserves and surplus accumulated at the end of three years up to 2004-05 amounted to Rs. 1179.30 lakhs, Rs.2307.59 lakhs and Rs 2307.81 lakhs respectively. The reserves and surplus worked out to 15.06% in 2002-03 as against 29.14% in 2003-04 and 31.04% in 2004-05. The percentage of reserves and surplus to equity capital was 211.77 in 2002-03, 414.38 in 2003-04 and 414.41 in 2004-05.

4. LIQUIDITY AND SOLVENCY

- The Percentage of current assets to total net assets increased from 16.02 in 2002-03 to 20.38 in 2003-04 and to 24.99 in 2004-05.
- The percentage of current assets to current liabilities (including provisions) increased from 22.69 in 2002-03 to 37.13 in 2003-04 and to 44.49 in 2004-05.
- The percentage of quick assets (sundry debtors, cash and bank balance and advance recoverable) to current liabilities (excluding provisions) increased from 10.01 in 2002-03 to 21.43 in 2003-04 and decreased to 17.78 in 2004-05.

5. SOURCES AND USES OF FUNDS

During the year 2004-05 funds amounting to Rs. 592.84 lakhs from internal sources were utilised as follows :

	(Rupees in lakhs)
1. Increased in Fixed assets and WIP	144.45
2. Repayment of loan	34.51
3. Decrease in Current Liabilities	169.36
4. Increase in Current Assets	244.52
Total	<u>592.84</u>

6. WORKING RESULTS

The working results of the company for the three years up to 2004-2005 are given below:

Particulars	<u>2002-03</u> (Rs. in lakh)	<u>2003-04</u> (Rs. in lakh)	<u>2004-05</u> (Rs. in lakh)
(i) Profit (+) / Loss (-) for the year before	(+10.06	(+559.03	(+573.17
(ii) Tax Provision	-	-	-
(iii) Profit (+) / Loss (-) (after tax)	(+10.06	(+559.03	(+573.17

7. COST TRENDS

Particulars	2002-03 (Rs. in lakh)	2003-04 (Rs. in lakh)	2004-05 (Rs. in lakh)
Sales	2581.85	3072.68	3076.88
Less Profit(+)/ Add Loss (-) for the year	(+)10.06	(+)559.03	(+)573.17
Cost of sales	2571.79	2513.65	2503.71
Percentage of cost of sales to sales	99.61	81.81	81.37

8. PRODUCTION PERFORMANCE

The value of production for the years upto 2004-05 is worked out below:

Particulars	2002-03 (Rs. in lakh)	2003-04 (Rs. in lakh)	2004-05 (Rs. in lakh)
(a) Sales	2581.85	3072.68	3076.88
(b) Closing stock of finished goods and work in progress	256.41	448.61	773.73
(c) Opening stock of finished goods and work in progress	357.52	256.41	448.61
(d) Value of production (a+b-c)	2480.74	3264.88	3402.00

The percentage of value of production to net worth decreased from 8128.24 in 2002-2003 to 6896.84 in 2001-02 and to 8128.24 in 2002-03.

The percentage of value of production to total net assets increased from 19.89 in 2000-2001 to 241.51 in 2003-04 and to 155.84 in 2004-05.

9. INVENTORY

The following table indicates the comparative position of inventory and its distribution at the close of three years up to 2004-2005

Particulars	2002-03 (Rs. in lakh)	2003-04 (Rs. in lakh)	2004-05 (Rs. in lakh)
a) Stores and spares	148.50	175.77	166.37
b) Loose Tools	15.62	20.47	22.68
c) Stock in Trade of finished goods (including work in progress)	256.41	448.61	773.73
d) Agricultural equipment	6.60	7.50	7.36
Total	427.13	652.35	970.14

The stock in trade was equivalent to 1.2 months in 2002-03, 1.75 months in 2003-04 and 3.01 months in 2004-05.

10. SUNDRY DEBTORS AND TURNOVER

The following table indicates the volume of book debts and sales for the three years up to 2004-2005

As on 31 st March	<i>(Rs. in lakhs)</i> Book Debts			Sales during the year	Percentage of debts to sales
	Considered good	Considered doubtful	Total		
2003	41.61	13.88	55.49	2581.85	2.1
2004	36.82	13.88	50.70	3072.68	1.6
2005	55.52	13.88	69.40	3076.88	2.2

Note:- No effect of qualification of Statutory Auditors in their report has been given in the Review of accounts.

Sd/-

JAYANTA CHATTERJEE

PRINCIPAL ACCOUNTANT GENERAL (AUDIT),

KERALA

Thiruvananthapuram

Date: 18-05-2006

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), KERALA,
THIRUVANANTHAPURAM**

Comments of the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956 on the Accounts of The Plantation Corporation of Kerala Limited for the year ended 31 March 2005.

I BALANCE SHEET

1. Liabilities - Current Liabilities (schedule B)

Other Liabilities - Rs. 15.82 crore

This is understated by Rs. 17.92 lakh due to adjustment of unidentified debit balances under salary payable, PF contribution etc, with this account.

2. Profit and Loss Account

This is overstated by Rs. 71.67 lakh due to non provision of lease rent payable in respect of 975 Ha of land at Cheemeni Estate for the years 2001-02 to 2004-05.

II NOTES FORMING PART OF ACCOUNTS (SCHEDULE 'K')

Attention is invited to item no. 7(b) wherein it is stated that terms and conditions under which the company had taken 975 hectares of land at Cheemeni estate were yet to be determined. The disclosure is incorrect as the government has fixed the terms and conditions in June 2004 itself.

Thiruvananthapuram
Date: 18-05-2006

Sd/-
JAYANTA CHATTERJEE
PRINCIPAL ACCOUNTANT GENERAL (AUDIT),
KERALA

**REPLY TO THE COMMENTS OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE
COMPANIES ACT, 1956**

- I 1. This is verified and adjusted during the subsequent year.
2. The land in Cheemeni is taken over as excess land entrusted to the corporation for interim management. The G.O.(MS) No. 227/2004/RD dated 30.06.04 was issued by the Govt. without consulting and giving the company an opportunity to be heard on the issue. The said Govt. order was objected by the company and requested Govt. to reconsider the whole matter and to make a fair and proper arrangement with regard to the land in Cheemeni. The Company is expecting a favourable decision from the Govt. The decision to charge Rs. 17,91,862/- as lease rent per year will cause serious financial strain to the corporation. The unit cannot be run profitably by paying lease rent @ Rs. 1300 per Hectare since the area is full of laterite stone and rocky patches. The Company was paying land tax for the entire area till the year 2003 - 2004. The company has also requested Govt. to give an opportunity to present the Company's case before the Govt. Since the matter is pending at the Government level, the Company has not made the provision for lease rent payable for an amount of Rs. 71.67 lakhs in respect of 975 Ha of land for the years 2001-02 to 2004 -05. Necessary adjustment will be made in the accounts on receiving final decision from the Govt. in this respect.
- II Noted.

**COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE
AUDITED ACCOUNTS OF PLANTATION CORPORATION OF
KERALA LIMITED FOR THE YEAR 2004-2005**

During 2004-05, the Company has recorded a marginal increase in its net profit by Rs. 14 lakh, i.e., from Rs. 5.59 crore for 2003-04 to Rs. 5.73 crore for 2004-05. The accumulated loss of the company as on 31.03.2005 stands at Rs. 681.67 lakh.

During the year under review, the expenses under "Miscellaneous Expenses" and "Repairs and Maintenance of Assets" has been increased. The Company should enforce strict economy in every field of its expenditure. Action may taken to pay the amount of Rs. 7.05 lakh immediately, which is the due s of Guarantee Commission. Steps may be taken for recovery of unsecured loan of Rs. 150 lakh given to Kerala State Horticultural products Development Corporation and Rs. 25 lakh given to Kerala State Coconut Development Corporation.

The report of the auditors about the non-maintenance of books and other records to be maintained as per rules is a matter of serious concern. The Board should take steps for the proper maintenance of registers as per rules.

sd/-

PAUL ANTONY

PRINCIPAL SECRETARY (FINANCE - I/C)

**REPLY TO THE COMMENTS OF THE PRINCIPAL SECRETARY
(FINANCE) ON THE AUDITED ACCOUNTS OF THE PLANTATION
CORPORATION OF KERALA LTD FOR THE YEAR 2004-2005**

ACCUMULATED LOSS

The accumulated loss has come down to Rs. 681.67 lakhs. It is expected that the accumulated loss of Rs. 681.67 lakhs on 31.03.05 can be wiped off with the profit earned in 2005-06

MISCELLANEOUS EXPENSES

Miscellaneous Expenses was increased by Rs. 24 lakhs. This is due to the Donation of Rs. 25 lakhs given to the Chief Ministers Tsunami relief fund. If the same is excluded the Miscellaneous Expenses for the year have been less than that of the previous Year.

REPAIRS & MAINTENANCE OF ASSETS

The total expenses of repairs & maintenance of assets was increased by 12%. This is mainly due to the increased maintenance cost of vehicles due to the hike in petroleum products.

The Company is taking all possible steps in controlling the Overhead expenses. The Guarantee Commission of Rs. 7.05 lakhs due to Govt. of Kerala was already remitted by the Company on 15.06.05. The Govt. of Kerala has already directed the Corporation to convert the loan of Rs. 1.5 Cores given to KSHDC as Share Capital. The Coconut Development Corporation is under liquidation and the amount can be recovered only when the said Company's assets are disposed off. Report of the Statutory Auditors on maintenance of books and other records refers to maintenance of cost records. The Company has already appointed a qualified Cost Accountant and the cost records are being maintained now.



The Plantation Corporation of Kerala Ltd.

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